

**TALKING POINTS OF JIM BARKSDALE
BEFORE THE SENATE ROUNDTABLE
Preserving Partnership Capitalism Through Stock Options for
America's Workforce**

INTRODUCTORY REMARKS

(use as intro when answering first question)

Senator Enzi, Senator Allen and Senator Boxer, thank you for the opportunity to appear here today to discuss the important issue of stock options and stock option accounting. I am grateful for your leadership in convening this roundtable to examine the critical issue of the impact of mandatory expensing on economic growth, productivity, innovation and employee ownership.

As you know, I am a Partner in the Barksdale Group and co-Founder of TechNet. TechNet is a network of the nation's leading technology companies, dedicated to building bipartisan support for policies that strengthen America's economic and technological leadership.

Prior to founding the Barksdale Group, I served as President and CEO of Netscape Communications Corporation from 1995 until the company merged with America Online in 1999. Prior to Netscape, I was CEO of AT&T Wireless Services and, from 1983 to 1992, I served as Executive Vice President and Chief Operating Officer for Federal Express Corporation.

Throughout my career, I have seen the potential for employee ownership to increase productivity and spur innovation, and I am a strong believer in broad-based employee stock option plans.

I firmly oppose the mandatory expensing of employee stock options. From an accounting standpoint, from a business standpoint and from a policy standpoint, mandatory accounting makes no sense.

Now, on to your question.

QUESTIONS AND ANSWERS

Q: How important are broad-based stock option plans to the technology industry?

A: Broad-based employee stock option plans play a vital role in America's economy and to the growth of the technology industry, in particular.

- In the high technology and biotechnology industries, stock options and broad-based employee ownership have been an engine of growth, helping to build some of the nation's most innovative companies.

TechNet member companies—including many of today's technology leaders as well as start-ups—have grown due in large part to the ability to use employee stock options to attract and retain skilled employees at all levels of the corporation.

- When Netscape was a young company, we did not have the cash resources to recruit and retain the talented team necessary to grow. Only by providing stock options were we able to bring together skilled employees dedicated to the success of the company.

The importance of broad-based stock options is undisputed. Studies confirm that broad-based plans have a significant impact on productivity, innovation and economic growth. Companies that offer stock options to most or all employees have experienced significant increases in productivity and earnings. The experts on this data are right here in this room, so I won't go into their study.

- At a time when we are searching for new ways to stimulate the economy, taking action that would deter or impede the continued availability of broad-based employee stock option plans would be counterproductive. Mandatory expensing will stifle innovation and entrepreneurship at precisely the time that policies are needed to stimulate them.